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INFO: Amembassy BEIRUT

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SUBJECT: Oil

1. Following are excerpts from article by John Cooley
dated Beirut
which appeared in Christian Science Monitor March 8:

"Libyan Oil Minister Ezzedine Mabrouk, expected to
be a central figure at the Beirut OPEC meeting, holds
a new and important card in Libya's poker game with the
Western--mainly U.S.--oil companies operating in his
country.

"This is a Libyan-Soviet accord, signed in Moscow
with Soviet leaders last week by Libyan Deputy Premier
Abdel Salam Jalloud, apparently ~~providing~~ providing for
Soviet participation in the Libyan oil industry.

"Many oil experts here believe the Libyan-Soviet
agreement, which is still secret, provides Russian

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Page two

assistance for operating the British Petroleum concession that Libya nationalized last December. They also believe it might cover Soviet technical assistance to Libya in running its 51-percent share in the Western companies if it wins its battle for majority participation.

"Despite continued Soviet-Libyan political strain, because of Libyan leader Col. Muammar al-Qaddafi's anti-Communist policies, reports from East-bloc sources suggest that Major Jalloud slightly improved Libyan-Soviet political relations.

"Oil industry sources here say ~~that~~ they have learned that the Soviet Union agreed to purchase unspecified quantities of Libyan crude oil. Libya may buy Soviet weapons and pay for them in hard currency, which it possesses in abundance.

"East-bloc sources, however, characterize as "pre-mature" a report by the Lebanese newspaper Al-Nahar that

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Page three

that Libya will buy advanced Soviet MIG-23 fighter-bombers and ground-to-ground missiles, perhaps on behalf of Egypt.

"If the OPEC meeting in Beirut decides that member-states will take executive or legislative action to ensure their participation in the oil firms, Libya probably ~~ex~~ would take the lead. It is believed to have already prepared draft legislation similar to that under which Algeria last year seized 51 percent of the assets of French operating companies."

END

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